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E.O. 12958: DECL: 04/19/2032
TAGS: [EFIN](#) [KCRM](#) [SNAR](#) [KN](#) [ET](#) [GM](#)
SUBJECT: ETHIOPIA: COMBATING COUNTERFEITING AND MONEY
LAUNDERING

Classified By: AMBASSADOR DONALD YAMAMOTO. REASON: 1.4 (B) AND (D).

11. (S/NF) SUMMARY: In response to the discovery in Germany of counterfeit U.S. currency ("supernotes") from Ethiopia over two years ago, the Treasury Department in coordination with the Secret Service and the State Department began working with Ethiopia's central bank. In the near future, Treasury plans to sign an agreement with the Ethiopian central bank governor on a workplan to help upgrade skills and knowledge of Ethiopian banking staff on money laundering and counterfeiting issues. The Secret Service plans to conduct a training program in June to support these efforts. The Ambassador and Embassy staff raised the importance of combating counterfeiting and money laundering with the central bank governor. While Ethiopia is not the largest counterfeiting operation in Africa, it is the location with the highest incident rate of supernote passage in Africa. The 2004 Ethiopian police investigation implicated the North Korean Embassy, at which point the police turned the matter over to the Ministry of Foreign Affairs. END SUMMARY.

BACKGROUND/EMBASSY STEPS BEING TAKEN

12. (S/NF) In August 2004, Commerzbank AG, Germany's second-largest bank, received 5,036 pieces of counterfeit U.S. Federal Reserve notes in deposits from Ethiopia's central bank, the National Bank of Ethiopia (NBE). In December 2004, the Ethiopian Government requested Embassy assistance to investigate the counterfeiting. The U.S. Secret Service subsequently met in February 2005 with

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Ethiopian Federal Police officials to investigate the counterfeit notes. The Ethiopian police provided information on suspects, including a Kenyan national, who may have passed the counterfeit money. By December 2005, the Secret Service had taken custody of USD 406,600 in suspected counterfeit notes. In September 2006, another 170 bills suspected of

being counterfeit were deposited into the Commerzbank in Frankfurt, Germany, by the NBE. While investigations continued, the Ethiopian banking officials requested training to identify counterfeit currency. A training program was provided in November 2006. Another training program will be provided by the Secret Service in June 2007 to Ethiopian banking officials.

13. (S/NF) The Ambassador, while serving as DAS in the Africa Bureau, raised the counterfeit issue with senior Ethiopian officials during trips to Addis Ababa in 2005 and 2006. Since arriving in Ethiopia, the Ambassador raised with the Foreign Minister (as recently as last week) the counterfeiting question as a priority for the U.S. Mission. To date, no suspects have been arrested. Embassy staff continue to support Secret Service cooperation with Ethiopian officials. According to Secret Service officers from Pretoria, the counterfeit money from Ethiopia, while not the highest volume uncovered in Africa, did have a significant amount of supernotes (the officer said Ethiopia is the location with the highest incident of supernotes in Africa.).

USSS said, however, that the supernote problem has significantly declined since August 2004. In 2006, within a USD 90 million deposit, USD 17,000 from the supernote family (C-21555) was detected by the German Federal Bank. The German BundesKriminal Amt (BKA) interviewed Ethiopian officials who claimed the money came from deposits from ten banks located within Ethiopia. The reason for the sharp decline in supernotes from USD 715,000 in 2004 to USD 17,000 in 2006 from Ethiopia is unknown. The police suspect that this is cyclical (passage of bills, investigation, interview of suspects and then tapers off) and will return again. The police nor the banks lack sophisticated technology to detect supernotes. It is believed that devices to detect supernotes cost an estimated USD 60,000 each.

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14. (S/NF) Parallel to the Secret Service efforts, the Treasury Department dispatched one person to work in the NBE to develop a workplan and training program for central bank employees. The Treasury Department hopes to sign a workplan agreement within the next month to help NBE employees identify and stop money laundering as well as counterfeit currency.

FUTURE PLANS

15. (S/NF) The Ambassador and Embassy plan to continue raising this issue with Ethiopia,s senior leadership, especially information-sharing on counterfeit currency and money laundering, and to push for prosecution of those involved.
YAMAMOTO